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PROPOSED MEDIUM-TERM PLAN FOR THE PERIOD 1998-2001

Programme 9. Trade and development*

CONTENTS

	Paragraphs	Page
Programme 9. Trade and development	9.1 - 9.31	3
Subprogrammes:		
9.1 Globalization and development	9.10 - 9.11	5
9.2 Investment, enterprise development and technology	9.12 - 9.16	5
9.3 International trade in goods and services and commodities	9.17 - 9.18	7
9.4 Service infrastructure for development and trade efficiency	9.19 - 9.20	9

* In paragraph 11 of its report on the second part of its thirty-sixth session (A/51/16 (Part II)), the Committee for Programme and Coordination requested the Secretary-General to submit a version of programme 9 revised in the light of the results of the ninth session of the United Nations Conference on Trade and Development and of the decisions adopted by the Trade and Development Board at its forty-third regular session, held at Geneva from 7 to 18 October 1996, for the consideration of the General Assembly at its fifty-first session. The revised text of programme 9 is submitted pursuant to that request herewith for the consideration of the Assembly.

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CONTENTS (continued)

		Paragraphs	Page
9.5	Least developed countries, landlocked and island developing countries	9.21 - 9.24	10
9.6	Institutional development and support services for trade promotion, export development and international purchasing and supply management ..	9.25 - 9.26	10
9.7	Market development and trade information	9.27 - 9.31	12

9.1 The mandates for the programme flow from the role and responsibilities assigned to the secretariat of the United Nations Conference on Trade and Development (UNCTAD) by the General Assembly, the quadrennial United Nations Conference on Trade and Development, the Economic and Social Council and the Trade and Development Board and its subsidiary bodies. Principal mandates are set out in General Assembly resolutions 1995 (XIX) of 30 December 1964, by which UNCTAD was established, and 50/95 of 20 December 1995 on international trade and development, the 1990 Programme of Action for the Least Developed Countries for the 1990s, the Cartagena Commitment, adopted at the eighth session of UNCTAD, in 1992, and, in particular, the Midrand Declaration and "A Partnership for Growth and Development", adopted at the ninth session of UNCTAD, in May 1996 (A/51/308, annex).

9.2 The programme will be implemented by UNCTAD and the International Trade Centre, UNCTAD/World Trade Organization (WTO) (ITC). The Centre's original mandate derives from General Assembly resolution 2297 (XXII) of 12 December 1967. In its resolution 1819 (LV) of 9 August 1973, the Economic and Social Council affirmed the role of ITC as the focal point for United Nations technical cooperation activities in trade promotion. ITC receives policy guidance from its parent bodies, UNCTAD/WTO, and general direction from the Joint Advisory Group, an intergovernmental body open to States members of UNCTAD and WTO, at its annual meeting.

9.3 At the ninth session of UNCTAD, Governments recognized that the concept of development had evolved from a narrow focus on economic growth and capital accumulation to that of a multidimensional undertaking with the ultimate goal of bettering the human condition. To confront disparities between and within nations and the concerns relating to the integration of environment and development, a global partnership for sustainable development was called for, as no nation could achieve those aims on its own. The twin processes of globalization of production and liberalization of trade offered opportunities for all countries and enabled developing countries to play a more active role in the world economy. At the same time, those processes had increased the complexity and challenges involved in interdependence, increasing the risks of instability and marginalization.

9.4 A particular challenge for the international community is the integration of developing countries into the global economy. Many of these countries, particularly in Africa, risk being left behind and marginalized in world trade, investment, commodities and capital markets. Ongoing intensive efforts are needed to help developing countries, in particular the least developed countries, to benefit from the process of global trade liberalization.

9.5 At its ninth session, UNCTAD responded to the above challenges by initiating reforms designed to give new and real meaning to the partnership for development. In consequence, the role of UNCTAD as the focal point within the United Nations for the integrated treatment of development and interrelated issues in the areas of trade, finance, technology, investment and sustainable development necessitates adaptation to new economic and institutional modalities created by the process of globalization, the conclusion of the Uruguay Round Agreements and the creation of WTO. The problems of least developed countries, sustainable development, poverty alleviation, the empowerment of women and

economic cooperation among developing countries will constitute cross-cutting issues of concern in all UNCTAD work. While concentrating on its main activities and objectives, UNCTAD will pay due attention to the outcome of the global conferences on environment and development, human rights, population and development, social development, women and human settlements.

9.6 UNCTAD will carry out its mandates through analytical work, research to support policy dialogue and technical cooperation. Its research and analytical work are meant to facilitate policy formulation within member States as they strive for development. Technical support and cooperation are provided in order to yield concrete results, with special attention being devoted to human resource development and institution-building designed to contribute better to the efforts of recipient countries to create an overall enabling environment at a policy and institutional level. In enhancing that assistance, UNCTAD will strengthen its cooperation and coordination with WTO, ITC, other international organizations, and donor agencies. In seeking to enhance the Partnership for Growth and Development, UNCTAD will also involve civil society in order to contribute better to creating an enabling environment for the private/business sector.

9.7 For its part, ITC will complement the research, policy and normative work of its parent bodies, UNCTAD and WTO, by concentrating on operational issues related to the provision of information, product and market development and institutional development and support services for trade promotion, export development and international purchasing and supply management.

9.8 In line with "A Partnership for Growth and Development", it is expected that, by the end of the period covered by the plan, the programme will have accomplished the following:

(a) Enhanced the ability of developing countries to expand and diversify their trade, to meet their multilateral obligations, to understand and take advantage of their rights in the multilateral trading system and to pursue their development objectives;

(b) Enhanced the ability of developing countries to attract foreign investment and develop enterprise capabilities and a technological base to strengthen their production and export capacity;

(c) Increased capacities of developing countries, in particular the least developed countries, to reap the benefits of globalization;

(d) Generated the trade-supporting services in developing countries, in particular the least developed countries and the countries with economies in transition, especially for informal sectors and micro, small and medium-sized enterprises;

(e) Contributed to policy formulation, in particular, creating an overall enabling environment at a policy and institutional level for developed countries, and in particular the least developed countries, through technical support and cooperation;

(f) Contributed to policy formulation, at both the national and international levels, in the areas addressed by the Trade and Development Board and its various commissions;

(g) Increased capacities of enterprises in adapting their products and their marketing approaches in the post-Uruguay Round era.

9.9 UNCTAD will be responsible for subprogrammes 1 to 5, while ITC will be responsible for subprogrammes 6 and 7.

Subprogramme 9.1 Globalization and development

9.10 The focus of the subprogramme, for which the Division on Globalization and Development Strategies is responsible, is to facilitate the process through which developing countries utilize the benefits of globalization to accelerate the attainment of the objective of sustainable development.

9.11 The objectives of the subprogramme are:

(a) To contribute to the understanding of the evolution and interaction of the elements for sustainable development in an increasingly globalizing world economy, tracking changes in those interactions and evaluating their impact on the development process, seeking new opportunities for further development resulting from globalization and liberalization, and providing policy approaches and actions to help developing countries integrate into the world economy and achieve sustainable development;

(b) To examine specific development challenges regarding effective participation in international trade and investment, drawing out the lessons that may be of value to developing countries, countries in transition, and in particular the least developed countries. This examination of development challenges will integrate the important development lessons learned about debt management problems, for which continued support is sought from the technical cooperation programme;

(c) To examine successful development experiences, drawing out lessons that may be of value to other countries, in particular the least developed, identifying suitable options in supporting cooperation among developing countries, in partnership with contributing countries and institutions, in this regard;

(d) To contribute towards the effective implementation of the United Nations New Agenda for the Development of Africa in the 1990s.

Subprogramme 9.2 Investment, enterprise development and technology

9.12 The focus of this subprogramme, which will be implemented by the Division on Investment, Technology and Enterprise, is on investment, enterprise development and the participation of enterprises in the global economy and issues related to technology for development in order to promote policy dialogue among development actors for the purpose of assessing the challenges and

opportunities for enterprise development arising from the emerging economic conditions, including the post-Uruguay Round environment.

9.13 In the area of investment the objectives are:

(a) To improve general understanding of trends and changes in foreign direct investment flows and related policies, the interrelationships between foreign direct investment, trade, technology and development, and issues related to transnational corporations of all sizes and their contribution to development;

(b) To identify and analyse implications for development of issues relevant to a possible multilateral framework on investment, beginning with an examination and review of existing agreements, taking into account the interests of developing countries and bearing in mind the work undertaken by other organizations;

(c) To familiarize Governments and the international private sector with an individual country's investment environments and policies by continuing investment policy reviews with member countries that so desire;

(d) To enhance the capacity of developing countries and countries with economies in transition to improve their overall investment climate, to obtain relevant information and to formulate policies to attract and benefit from foreign direct investment;

(e) To assist countries, at their request, in the area of accounting standards and accounting education and related activities;

(f) To promote opportunities for foreign direct investment in host countries by facilitating the exchange of experiences on investment promotion and the benefits of foreign direct investment;

(g) To promote investment from developed to developing countries and among developing countries;

(h) To facilitate, consistent with available resources, the holding of a pilot seminar on the mobilization of the private sector in order to encourage foreign direct investment flows towards the least developed countries;

(i) To assist developing countries, in collaboration with the World Intellectual Property Organization (WIPO) and WTO, to identify opportunities to attract investment provided by the Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement").

9.14 In the area of enterprise development, the objectives are:

(a) To support developing countries through technical cooperation in the formulation of strategies for promoting private sector development;

(b) To contribute to entrepreneurship development, including ensuring the participation of women, and to the reform of public sector enterprises through assistance to developing countries with policy issues and training activities;

(c) To further the participation of developing countries' enterprises in the global economy and to examine the special problems relating to enterprise development in countries with economies in transition;

(d) To facilitate the exchange of experiences in the formulation and implementation of enterprise development strategies, including questions related to privatization, and public/private sector dialogue and cooperation;

(e) To identify and analyse the specific contribution that foreign direct investment can make to indigenous enterprise development and to promote ways to facilitate efficient domestic resource mobilization.

9.15 In the area of technology, the objectives are:

(a) To identify, through science, technology and innovation policy reviews with interested countries, options for national action, especially those which foster technological capability and innovation and the transfer and diffusion of technology;

(b) To identify, through exchange of experiences among countries at different levels of technological development, policies to favour technological capacity-building, innovation and technology flows to developing countries;

(c) To provide technical assistance in technology development, including accessing information technology and disseminating relevant information through an information system and networking;

(d) To assist developing countries, in collaboration with WIPO and WTO, to identify opportunities to attract new technologies provided by the TRIPS Agreement.

9.16 In these activities, in particular in the area of entrepreneurship, investment and enterprise development, UNCTAD will take into account the work done by other international organizations, specifically WTO, ITC, UNIDO and the World Bank Group, in order to enhance synergies, avoid duplication and coordinate related activities.

Subprogramme 9.3 International trade in goods and services and commodities

9.17 The focus of the subprogramme is to maximize the positive impact of globalization and liberalization on sustainable development by assisting in the effective integration of developing countries, in particular the least developed and certain developing countries with structurally weak and vulnerable economies, including those countries which are commodity-dependent, into the international trading system. The specific interests of countries with economies in transition will also be taken into account.

9.18 The objectives of the subprogramme, which will be implemented by the International Trade and Commodities Division, are:

(a) To enable the above countries to respond to the opportunities arising from the Uruguay Round Agreements so as to derive maximum benefit by analysing the impact of the Uruguay Round Agreements on development; enhancing national capacities, in terms of human resources and administrative infrastructures, to enable WTO members to adjust effectively to meet their obligations and to take advantage of their rights; assisting countries in the process of accession to WTO, including by helping them to enhance their understanding of WTO rights and obligations, as well as improving the transparency of their trade regimes; identifying impediments to trading success, including barriers to export expansion and diversification; providing a forum for examination of issues related to trade preferences, including exploring opportunities for maximizing their utilization; facilitating the understanding of the multilateral trading system by analysing, from a development perspective, issues on the international trade agenda, as identified by the Conference or the Trade and Development Board, including new and emerging issues; assisting developing countries, in collaboration with WIPO and WTO, to identify opportunities provided by the TRIPS Agreement, including for attracting investment and new technologies; contributing, as appropriate, to the work of relevant international organizations in the implementation of the Uruguay Round Final Act decision on measures in favour of the least developed countries by assisting the least developed countries that are WTO members to take maximum advantage of the special and differential measures provided for in the Uruguay Round Agreements. Within the framework of its programme of cooperation with WTO, UNCTAD, should provide analytical information relating to the decision on measures concerning the possible negative effects of the reform programme on least developed countries and net food-importing developing countries;

(b) To assist developing countries to strengthen their capacities in the services sector, as well as to identify export opportunities by undertaking directly related sectoral analysis;

(c) To examine issues related to competition law of particular relevance to development; continuing analytical work on restrictive business practices; to assist these countries to formulate competition policies and legislation; institution-building; and to focus on Africa by holding a regional meeting, creating relevant inventories and databases and establishing a technical cooperation programme;

(d) To promote the integration of trade, environment and development and continuing the special role of UNCTAD in this field, in accordance with General Assembly resolution 50/95, paragraph 27, by examining trade and environment issues, from a development perspective, in close cooperation with UNEP and WTO and as task manager for the Commission on Sustainable Development by undertaking the work that the fourth session of the Commission on Sustainable Development proposed for UNCTAD, including in the field of competitiveness, market access, eco-labelling, multilateral environmental agreements, positive measures and trade liberalization and sustainable development;

(e) To address issues of particular relevance to commodity-dependent countries by examining successful commodity diversification experiences; contributing to the transparency of commodity markets and analysing trends in commodity markets, in coordination with international commodity bodies, to supplement market information available to them from the business sector; promoting the management of commodity resources, in the context of sustainable development; and continuing to assist their producers to make use of risk-limiting instruments.

Subprogramme 9.4 Services infrastructure for development and trade efficiency

9.19 The focus of the subprogramme, which will be implemented by the Division on Services for Development and Trade Efficiency, is to assist developing countries, in particular the least developed and those with economies in transition, in generating trade-supporting services such as customs, transportation, banking and insurance and telecommunications or business information, which are adapted to the requirements of those countries, concentrating on services addressing the needs of the informal, micro, small and medium-sized enterprise sectors.

9.20 The objectives of the subprogramme are:

(a) To enhance the capacity of interested developing countries and economies in transition to trade efficiently through such programmes as ACIS, ASYCUDA, TRAINMAR, TRAINFORTRADE and the Global Trade Point Network;

(b) To consolidate the Trade Point Network, to make existing Trade Points fully operational and effective, to assist interested countries in establishing new Trade Points, to enhance the capacity of Trade Points as information and training centres for small and medium-sized enterprises, and to support formulation of national policies promoting services infrastructure for development and trade efficiency;

(c) To encourage and provide appropriate assistance, upon request, to developing countries to carry out an assessment of the efficiency of their trade-supporting services and best practices in the light of the recommendations of the United Nations International Symposium on Trade Efficiency; where parts of such an exercise can be performed by the private sector, this should be encouraged;

(d) Taking into account the relationship between trade efficiency and information infrastructure, in close cooperation with ITU, to assess the practical trade implications of the emerging Global Information Infrastructure and identify relevant avenues for action in this area;

(e) To alleviate special development constraints relating to the high transit/transport costs of landlocked and island developing countries, and the landlocked countries of Central Asia. UNCTAD, jointly with the International Maritime Organization (IMO), will pursue the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, concentrating on the commercial aspects of maritime transport and its importance

for the sustainable development of those countries through guidelines, studies, training and other assistance.

Subprogramme 9.5 Least developed countries, landlocked and island developing countries

9.21 The focus of this subprogramme, which will be implemented by the Special Coordinator for the Least Developed Countries, is to prevent their further marginalization in world trade, investment, commodities and capital markets, and to contribute to their integration and fuller participation in the global economy.

9.22 The objectives of the subprogramme are:

(a) To ensure the effective implementation of the Programme of Action for the Least Developed Countries at the global level and to monitor implementation of commitments, measures and recommendations agreed upon by the High-level Intergovernmental Meeting of the Mid-term Global Review of the Implementation of the Programme of Action, the ninth session of UNCTAD and the various recent global conferences;

(b) To mobilize and coordinate the relevant organs, organizations and bodies of the United Nations system in the implementation of the Programme of Action and the outcome of the Mid-term Global Review, as well as to coordinate UNCTAD sectoral work on least developed countries.

9.23 Further, the subprogramme will also assist small island developing countries within the framework of the Barbados Programme of Action to overcome their particular handicaps.

9.24 It is noted that the Division for the Least Developed, Landlocked and Island Developing Countries has been discontinued as part of the reorganization of the UNCTAD secretariat. Throughout the medium-term plan period (1998-2001), the implementation of the subprogramme will be coordinated by the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries. In accordance with the outcome of the ninth session of the Conference, least developed countries will constitute a cross-cutting issue in the work of UNCTAD and the sectoral issues will be dealt with by the divisions of UNCTAD within their respective mandates.

Subprogramme 9.6 Institutional development and support services for trade promotion, export development and international purchasing and supply management

9.25 The focus of the subprogramme, for which the Division of Trade Support Services is responsible, is to enhance the competitiveness of enterprises in world markets through the development of institutional capacities for the delivery of effective trade support services; to establish sustainable capacities for human resource development in international business; and to improve the capabilities of importers to use foreign exchange resources more cost effectively in the importation of goods and services.

9.26 The subprogramme will pursue the following objectives:

(a) In the area of institutional development and support services, ITC, working with Governments and the private sector, will contribute to building up capacities, at the national or subregional level, for the design of trade promotion and export development strategies, bringing to bear the business-sector perspective through appropriate coordination mechanisms involving all parties concerned. It will also contribute to establishing comprehensive networks of public and private sector institutions with a view to strengthening institutional support to small and medium-sized enterprises, thus helping them achieve and maintain their competitive edge in the world market. In addition, national capacities will be developed in specialized trade support services, with a focus on four key areas, namely, trade financing, export packaging, export quality and the legal aspects of international trade. Concerning trade financing, the objectives will be to expand and enhance financing schemes offered to small and medium-sized enterprises and to develop skills at the enterprise level for a more effective use of trade financing mechanisms. As regards export packaging, where the continuing objective is to expand and diversify exports of packaged goods from developing countries, the emphasis will be on the health, safety and environmental aspects of packaging. As regards export quality, the focus will be on increased awareness of the changes brought about by the Uruguay Round Agreements with regard to the technical barriers to trade, sanitary and phytosanitary measures, and trade and the environment. Overall quality management at the level of both support organizations and the individual enterprise will be more in line with international market requirements. On legal aspects, enterprises will be better informed of trade-related laws, regulations and models of legal provisions, in particular with reference to the Uruguay Round Agreements on the trade-related aspects of intellectual property rights, and customs valuation;

(b) In the area of human resource development, the objective, during the initial period of the plan, is to adapt and reinforce existing capacities of training organizations to respond immediately to the business sector's increasingly complex needs for export-related knowledge and skill enhancement. In that context, special emphasis will be placed on strengthening national capacities to understand the business implications of the Uruguay Round Agreements. Subsequently, the objective is to create and support the maintenance of capacities within training organizations progressively to broaden and increase the relevance of their training programmes. The focus will be on in-career training for the professional development of export-oriented entrepreneurs in small and medium-sized enterprises. By the end of the period covered by the plan, strategic alliances for a collaborative programme of applied research and development within a network of selected training institutions will have been established, which will provide a framework for the continuing joint development, updating and testing of export success cases, training materials and capacity-building tools, methods and aids. A model certificate-level syllabus in international competitiveness will have been developed and adopted by institutions participating in the network;

(c) In the area of international purchasing and supply management, the objectives are to achieve:

(i) Increased use by importers of high-performance international purchasing and supply management learning systems and management tools (including diagnostic tools);

(ii) Improved access to and utilization of information on international supply markets;

(iii) An extended network of national purchasing and supply management associations providing useful services to members;

(iv) Upgraded international purchasing and supply management support services (e.g. communications, shipping and cargo monitoring), institutional framework and procedures (in particular those for public sector procurement);

(v) Better integration of quality and environmental concerns in international purchasing and supply management.

In pursuing those objectives special emphasis will be placed on the importing inputs of small and medium-sized enterprises required for export production and on public sector procurement organizations in low-income countries, in particular the least developed countries.

Subprogramme 9.7 Market development and trade information

9.27 The focus of the subprogramme, for which the Division of Product and Market Development is responsible, is to build up capacities at the business-sector level to develop internationally competitive products and services and to market them more effectively with a view to expanding and diversifying exports, and to improve, on a sustainable basis, the availability, dissemination and utilization of trade information.

9.28 In the area of product and market development, the subprogramme will seek to achieve the following objectives:

(a) To improve the capacities of enterprises fully to exploit supply potential and market opportunities for specific products in specific markets, and to formulate export development and marketing strategies;

(b) To improve export performance through product adaptation and design and more effective marketing services;

(c) To increase diversification of export products through new product development, increased diversification of markets through market research, intensification of business contacts and promotional activities;

(d) To contribute to forging technical cooperation links and establishing mechanisms for the promotion of business contacts, partnerships and corporate alliances among enterprises in developing countries, and with partners in developed countries.

Special emphasis will be put on the expansion of South-South and South-East trade, by using the ITC methodology, which combines trade flow analyses, supply-and-demand surveys, buyer-seller meetings and operating subregional trade information networks.

9.29 Concerning commodities, as a result of the abolition of commodity marketing boards, technical assistance must be channelled to an increased number of new exporters. The objective is therefore to enhance private sector development and to ensure effective functioning of the commodity exchanges for physical products. Another objective is to increase consumption in low-consuming countries through generic promotion, in particular of those commodities having environmental advantages.

9.30 In the area of trade information, the objective is to establish self-sustained trade information services and to set up networks for the exchange of information at the national, regional and interregional levels so as to enable enterprises to make effective international marketing decisions on products, services, markets, sources of inputs and other trade-related aspects. This will be achieved through human resource development for trade information management relevant to users' needs, a more intensive use of working tools and modern information technologies and the application of international standards. Capabilities will be developed at the exporters' and importers' level for correct interpretation and effective use of trade information. The subprogramme will continue to contribute to the UNCTAD special programme on trade efficiency and in particular to the trade information aspects of its Global Trade Point Network. Synergies with other international organizations and business entities will be developed further.

9.31 Trade information services established through the capacity-building component of the subprogramme will continue to experience difficulties in obtaining certain categories of data directly from the relevant information sources. ITC will, therefore, seek to fill the gap through the supply of information, in order to meet the immediate needs of institutions and enterprises for product- and market-specific information not readily available from other sources. Information will also be provided directly to countries where national capacities for collecting, processing and disseminating such information do not yet exist, in particular the least developed countries. Capitalizing on its extensive knowledge of and wide access to information sources, as well as on its network of business contacts, ITC will contribute to filling the information gap in three main areas: price information on selected products (Market News Service); selected bibliographies, directories and statistical compilations; and an impartial inquiry-reply service.